

B1 (Official Form 1)(4/10)

**United States Bankruptcy Court**  
**Eastern District of Virginia**

**Voluntary Petition**

Name of Debtor (if individual, enter Last, First, Middle): <b>Subsand, Inc.</b>	Name of Joint Debtor (Spouse) (Last, First, Middle):
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names):
Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all) <b>20-8793958</b>	Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all)
Street Address of Debtor (No. and Street, City, and State): <b>817 Catrina Lane</b> <b>Chesapeake, VA</b>	Street Address of Joint Debtor (No. and Street, City, and State):
ZIP Code <b>23322</b>	ZIP Code
County of Residence or of the Principal Place of Business: <b>Chesapeake City</b>	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):
ZIP Code	ZIP Code

<b>Type of Debtor</b> (Form of Organization) (Check one box)	<b>Nature of Business</b> (Check one box)	<b>Chapter of Bankruptcy Code Under Which the Petition is Filed</b> (Check one box)
<input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP)	<input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101 (51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other	<input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 9 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13
<input type="checkbox"/> Partnership  <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.)	<b>TAX-EXEMPT ENTITY</b> (Check box, if applicable)	<input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding
	<input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code).	<b>Nature of Debts</b> (Check one box)
		<input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose." <input checked="" type="checkbox"/> Debts are primarily business debts.

<b>Filing Fee</b> (Check one box)	<b>Chapter 11 Debtors</b>
<input checked="" type="checkbox"/> Full Filing Fee attached	Check one box: <input checked="" type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D).
<input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A.	Check if: <input type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,343,300 ( <i>amount subject to adjustment on 4/01/13 and every three years thereafter</i> ).
<input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B.	Check all applicable boxes: <input type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).

<b>Statistical/Administrative Information</b>											THIS SPACE IS FOR COURT USE ONLY																						
<input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.																																	
<b>Estimated Number of Creditors</b> <table style="margin-left: auto; margin-right: auto;"> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>1-49</td> <td>50-99</td> <td>100-199</td> <td>200-999</td> <td>1,000-5,000</td> <td>5,001-10,000</td> <td>10,001-25,000</td> <td>25,001-50,000</td> <td>50,001-100,000</td> <td>OVER 100,000</td> <td></td> </tr> </table>											<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1-49	50-99	100-199	200-999	1,000-5,000	5,001-10,000	10,001-25,000	25,001-50,000	50,001-100,000	OVER 100,000		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																							
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<b>Estimated Assets</b> <table style="margin-left: auto; margin-right: auto;"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>\$0 to \$50,000</td> <td>\$50,001 to \$100,000</td> <td>\$100,001 to \$500,000</td> <td>\$500,001 to \$1 million</td> <td>\$1,000,001 to \$10 million</td> <td>\$10,000,001 to \$50 million</td> <td>\$50,000,001 to \$100 million</td> <td>\$100,000,001 to \$500 million</td> <td>\$500,000,001 to \$1 billion</td> <td>More than \$1 billion</td> <td></td> </tr> </table>											<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1 million	\$1,000,001 to \$10 million	\$10,000,001 to \$50 million	\$50,000,001 to \$100 million	\$100,000,001 to \$500 million	\$500,000,001 to \$1 billion	More than \$1 billion									
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																							
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<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																							
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<b>Voluntary Petition</b> <i>(This page must be completed and filed in every case)</i>		Name of Debtor(s): <b>Subsand, Inc.</b>
<b>All Prior Bankruptcy Cases Filed Within Last 8 Years</b> (If more than two, attach additional sheet)		
Location Where Filed: <b>- None -</b>	Case Number:	Date Filed:
Location Where Filed:	Case Number:	Date Filed:
<b>Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor</b> (If more than one, attach additional sheet)		
Name of Debtor: <b>- None -</b>	Case Number:	Date Filed:
District:	Relationship:	Judge:
<b>Exhibit A</b>		<b>Exhibit B</b> (To be completed if debtor is an individual whose debts are primarily consumer debts.) I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I delivered to the debtor the notice required by 11 U.S.C. §342(b).
<input type="checkbox"/> Exhibit A is attached and made a part of this petition. 		<b>X</b> Signature of Attorney for Debtor(s) _____ (Date) _____
<b>Exhibit C</b> Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety? <input type="checkbox"/> Yes, and Exhibit C is attached and made a part of this petition. <input checked="" type="checkbox"/> No.		
<b>Exhibit D</b> (To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.) <input type="checkbox"/> Exhibit D completed and signed by the debtor is attached and made a part of this petition. If this is a joint petition: <input type="checkbox"/> Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.		
<b>Information Regarding the Debtor - Venue</b> (Check any applicable box) <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.</li> <li><input type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.</li> <li><input type="checkbox"/> Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.</li> </ul>		
<b>Certification by a Debtor Who Resides as a Tenant of Residential Property</b> (Check all applicable boxes) <ul style="list-style-type: none"> <li><input type="checkbox"/> Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)  <hr/> <p>(Name of landlord that obtained judgment)</p> <hr/> <p>(Address of landlord)</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and</li> <li><input type="checkbox"/> Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.</li> <li><input type="checkbox"/> Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(l)).</li> </ul> </li> </ul>		

B1 (Official Form 1)(4/10)

**Voluntary Petition**

(This page must be completed and filed in every case)

Name of Debtor(s):

**Subsand, Inc.****Signatures****Signature(s) of Debtor(s) (Individual/Joint)**

I declare under penalty of perjury that the information provided in this petition is true and correct.

[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7. [If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. §342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

**X**

Signature of Debtor

**X**

Signature of Joint Debtor

Telephone Number (If not represented by attorney)

Date

**Signature of Attorney\*****X /s/ Karen M. Crowley VSB**

Signature of Attorney for Debtor(s)

**Karen M. Crowley VSB #35881**

Printed Name of Attorney for Debtor(s)

**Crowley, Liberatore & Ryan, PC**

Firm Name

**1435 Crossways Blvd  
Suite 300  
Chesapeake, VA 23320-2896**

Address

**(757) 333-4500 Fax: (757) 333-4501**

Telephone Number

**May 25, 2011**

Date

\*In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.

**Signature of Debtor (Corporation/Partnership)**

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

**X /s/ Barry Eaton**

Signature of Authorized Individual

**Barry Eaton**

Printed Name of Authorized Individual

**President**

Title of Authorized Individual

**May 25, 2011**

Date

**Signatures****Signature of a Foreign Representative**

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. §1515 are attached.

Pursuant to 11 U.S.C. §1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

**X**

Signature of Foreign Representative

Printed Name of Foreign Representative

Date

**Signature of Non-Attorney Bankruptcy Petition Preparer**

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.

Printed Name and title, if any, of Bankruptcy Petition Preparer

Social-Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.)(Required by 11 U.S.C. § 110.)

Address

**X**

Date

Signature of Bankruptcy Petition Preparer or officer, principal, responsible person,or partner whose Social Security number is provided above.

Names and Social-Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual:

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both 11 U.S.C. §110; 18 U.S.C. §156.

B4 (Official Form 4) (12/07)

**United States Bankruptcy Court  
Eastern District of Virginia**

**In re Subsand, Inc.**

**Debtor(s)**

Case No.

Chapter 11

## **LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS**

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

B4 (Official Form 4) (12/07) - Cont.  
In re Subsand, Inc.

Case No. \_\_\_\_\_

Debtor(s)

**LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS**  
(Continuation Sheet)

(1)	(2)	(3)	(4)	(5)
<i>Name of creditor and complete mailing address including zip code</i>	<i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Amount of claim [if secured, also state value of security]</i>

**DECLARATION UNDER PENALTY OF PERJURY  
ON BEHALF OF A CORPORATION OR PARTNERSHIP**

I, the President of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date May 25, 2011

Signature /s/ Barry Eaton  
**Barry Eaton**  
**President**

*Penalty for making a false statement or concealing property:* Fine of up to \$500,000 or imprisonment for up to 5 years or both.  
18 U.S.C. §§ 152 and 3571.

**United States Bankruptcy Court  
Eastern District of Virginia**

In re **Subsand, Inc.**

Case No. \_\_\_\_\_

Debtor

Chapter **11**

**LIST OF EQUITY SECURITY HOLDERS**

Following is the list of the Debtor's equity security holders which is prepared in accordance with Rule 1007(a)(3) for filing in this chapter 11 case.

Name and last known address or place of business of holder	Security Class	Number of Securities	Kind of Interest
<b>Barry Eaton</b>		<b>50%</b>	<b>Common Stock</b>
<b>Susan Eaton</b>		<b>50%</b>	<b>Common stock</b>

**DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP**

I, the President of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing List of Equity Security Holders and that it is true and correct to the best of my information and belief.

Date May 25, 2011

Signature /s/ Barry Eaton

**Barry Eaton  
President**

*Penalty for making a false statement or concealing property:* Fine of up to \$500,000 or imprisonment for up to 5 years or both.  
18 U.S.C §§ 152 and 3571.

**0** continuation sheets attached to List of Equity Security Holders

Barry and Susan Eaton  
817 Catrina Lane  
Chesapeake, VA 23322

Barry Eaton  
817 Catrina Lane  
Chesapeake, VA 23322

Doctor's Associates, Inc.  
325 Bic Drive  
CT 06661

Hartford Insurance  
1 Hartford Plaza  
Hartford, CT 06115

Internal Revenue Service  
P. O. Box 7346  
Philadelphia, PA 19101-7346

Joe Staten  
Fortunato's, LLC  
7009 Currituck Rd.  
Kitty Hawk, NC 27949

N.C. Department of Revenue  
P.O. Box 25000  
Raleigh, NC 27640-0002

Sunbelt Business Brokers

Susan Eaton  
817 Catrina Lane  
Chesapeake, VA 23322

Wheeler Interest  
Riversedge North  
2529 Virginia Beach Blvd, Ste 200  
Virginia Beach, VA 23452

**United States Bankruptcy Court  
Eastern District of Virginia**

In re Subsand, Inc.

Debtor(s)

Case No.  
Chapter

11

**CORPORATE OWNERSHIP STATEMENT (RULE 7007.1)**

Pursuant to Federal Rule of Bankruptcy Procedure 7007.1 and to enable the Judges to evaluate possible disqualification or recusal, the undersigned counsel for Subsand, Inc. in the above captioned action, certifies that the following is a (are) corporation(s), other than the debtor or a governmental unit, that directly or indirectly own(s) 10% or more of any class of the corporation's(s') equity interests, or states that there are no entities to report under FRBP 7007.1:

- None [Check if applicable]

May 25, 2011

Date

/s/ Karen M. Crowley VSB

Karen M. Crowley VSB #35881

Signature of Attorney or Litigant  
Counsel for Subsand, Inc.

Crowley, Liberatore & Ryan, PC  
1435 Crossways Blvd  
Suite 300  
Chesapeake, VA 23320-2896  
(757) 333-4500 Fax:(757) 333-4501

Form 1120S

Department of the Treasury  
Internal Revenue ServiceCLIENT  
COPY

OMB No. 1545-0130

2010

## U.S. Income Tax Return for an S Corporation

► Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.  
 ► See separate instructions.

For calendar year 2010 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

A S election effective date 07/01/07	TYPE OR PRINT	Name <b>SUBSAND, INCORPORATED</b>	D Employer identification number <b>3958</b>
B Business activity code number (see instructions) <b>722110</b>		Number, street, and room or suite no. If a P.O. box, see instructions. <b>105 CURRITUCK COMMERCIAL DR. STE. F</b>	E Date incorporated <b>05/18/2007</b>
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state, and ZIP code <b>MOYOCK NC 27958</b>	F Total assets (see instructions) <b>\$ 96,601</b>

G Is the corporation electing to be an S corporation beginning with this tax year?  Yes  No If "Yes," attach Form 2553 if not already filedH Check if: (1)  Final return (2)  Name change (3)  Address change  
(4)  Amended return (5)  S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year ► 2

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

<b>Income</b>  <b>Deductions (see instructions for limitations)</b>	1a Gross receipts or sales <b>720,314</b>	b Less returns and allowances	c Bal ►	1c <b>720,314</b>
	2 Cost of goods sold (Schedule A, line 8)			2 <b>286,858</b>
	3 Gross profit. Subtract line 2 from line 1c			3 <b>433,456</b>
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			4
	5 Other income (loss) (see instructions – attach statement)			5
	<b>6 Total income (loss). Add lines 3 through 5</b>			6 <b>433,456</b>
7 Compensation of officers			7 <b>20,000</b>	
8 Salaries and wages (less employment credits)			8 <b>177,414</b>	
9 Repairs and maintenance			9 <b>4,596</b>	
10 Bad debts			10	
11 Rents			11 <b>97,869</b>	
12 Taxes and licenses			12 <b>24,001</b>	
13 Interest			13 <b>7,833</b>	
14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)			14 <b>39,151</b>	
15 Depletion (Do not deduct oil and gas depletion.)			15	
16 Advertising			16 <b>31,530</b>	
17 Pension, profit-sharing, etc., plans			17	
18 Employee benefit programs			18	
19 Other deductions (attach statement)		SEE STMT 1	19 <b>120,310</b>	
<b>20 Total deductions. Add lines 7 through 19</b>			20 <b>522,704</b>	
<b>21 Ordinary business income (loss). Subtract line 20 from line 6</b>			21 <b>-89,248</b>	
<b>Tax and Payments</b>	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		
	b Tax from Schedule D (Form 1120S)	22b		
	c Add lines 22a and 22b (see instructions for additional taxes)	22c		
	23a 2010 estimated tax payments and 2009 overpayment credited to 2010	23a		
	b Tax deposited with Form 7004	23b		
	c Credit for federal tax paid on fuels (attach Form 4136)	23c		
d Add lines 23a through 23c	23d			
24 Estimated tax penalty (see instructions). Check if Form 2220 is attached	24			
25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25			
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26			
27 Enter amount from line 26 Credited to 2011 estimated tax ►	27	Refunded ►		

<b>Sign Here</b> ►	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		PRESIDENT
	Date	Title

<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>WILLIAM R. MOSS</b>	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN <b>P01340249</b>
	Firm's name ► <b>MOSS &amp; ASSOCIATES, PC</b>			Firm's EIN ► <b>0145</b>	
	Firm's address ► <b>100 BRUTON CT CHESAPEAKE, VA 23322</b>			Phone no. <b>757-410-9283</b>	

For Paperwork Reduction Act Notice, see separate instructions.

Form 1120S (2010)

Form 1120S (2010) SUBSAND, INCORPORATED

**Schedule A Cost of Goods Sold (see instructions)**

1	Inventory at beginning of year .....	1	8,500
2	Purchases .....	2	283,358
3	Cost of labor .....	3	
4	Additional section 263A costs (attach statement) .....	4	
5	Other costs (attach statement) .....	5	
6	Total. Add lines 1 through 5 .....	6	291,858
7	Inventory at end of year .....	7	5,000
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2 .....	8	286,858

9a Check all methods used for valuing closing inventory: (i)  Cost as described in Regulations section 1.471-3(ii)  Lower of cost or market as described in Regulations section 1.471-4(iii)  Other (Specify method used and attach explanation.) ►

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ►

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ►

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO ►

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ►

 Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?

 Yes  No

If "Yes," attach explanation.

**Schedule B Other Information (see instructions)**

1	Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ►	Yes	No
2	See the instructions and enter the:		
a	Business activity ► SALES	b Product or service ► RESTAURANT	
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a qualified subchapter S subsidiary election made? ►	X	
4	Has this corporation filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction? ►	X	
5	Check this box if the corporation issued publicly offered debt instruments with original issue discount If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. ►	<input type="checkbox"/>	
6	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ► \$		
7	Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$		
8	Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1	X	
9	During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X

**Schedule K Shareholders' Pro Rata Share Items**

Income (Loss)			Total amount	
			1	-89,248
1	Ordinary business income (loss) (page 1, line 21) .....	2		
2	Net rental real estate income (loss) (attach Form 8825) .....	3a		
3a	Other gross rental income (loss) .....	3b		
b	Expenses from other rental activities (attach statement) .....	3c		
c	Other net rental income (loss). Subtract line 3b from line 3a .....	4		
4	Interest income .....	5a		
5	Dividends: a Ordinary dividends .....	5b		
b	Qualified dividends .....	6		
6	Royalties .....	7		
7	Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) .....	8a		
8a	Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) .....	8b		
b	Collectibles (28%) gain (loss) .....	8c		
c	Unrecaptured section 1250 gain (attach statement) .....	9		-22,001
9	Net section 1231 gain (loss) (attach Form 4797) .....	10		
10	Other income (loss) (see instructions) Type ►			

Form 1120S (2010) SUBSAND, INCORPORATED

Shareholders' Pro Rata Share Items (continued)		Total amount
<b>11</b> Section 179 deduction (attach Form 4562) .....	SEE STMT 2	<b>11</b>
<b>12a</b> Contributions .....		<b>12a</b> <b>50</b>
<b>b</b> Investment interest expense .....		<b>12b</b>
<b>c</b> Section 59(e)(2) expenditures (1) Type ► .....	(2) Amount ►	<b>12c(2)</b>
<b>d</b> Other deductions (see instructions) .....	Type ►	<b>12d</b>
<b>13a</b> Low-income housing credit (section 42(j)(5)) .....		<b>13a</b>
<b>b</b> Low-income housing credit (other) .....		<b>13b</b>
<b>c</b> Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) .....		<b>13c</b>
<b>d</b> Other rental real estate credits (see instructions) .... Type ► .....		<b>13d</b>
<b>e</b> Other rental credits (see instructions) .... Type ► .....		<b>13e</b>
<b>f</b> Alcohol and cellulosic biofuel fuels credit (attach Form 6478) .....		<b>13f</b>
<b>g</b> Other credits (see instructions) .... Type ► .....		<b>13g</b>
<b>14a</b> Name of country or U.S. possession ► .....		<b>14b</b>
<b>b</b> Gross income from all sources .....		<b>14c</b>
<b>c</b> Gross income sourced at shareholder level .....		
Foreign gross income sourced at corporate level .....		
<b>d</b> Passive category .....		<b>14d</b>
<b>e</b> General category .....		<b>14e</b>
<b>f</b> Other (attach statement) .....		<b>14f</b>
Deductions allocated and apportioned at shareholder level .....		
<b>g</b> Interest expense .....		<b>14g</b>
<b>h</b> Other .....		<b>14h</b>
Deductions allocated and apportioned at corporate level to foreign source income .....		
<b>i</b> Passive category .....		<b>14i</b>
<b>j</b> General category .....		<b>14j</b>
<b>k</b> Other (attach statement) .....		<b>14k</b>
Other information .....		
<b>l</b> Total foreign taxes (check one): ► <input type="checkbox"/> Paid <input type="checkbox"/> Accrued .....		<b>14l</b>
<b>m</b> Reduction in taxes available for credit (attach statement) .....		<b>14m</b>
<b>n</b> Other foreign tax information (attach statement) .....		
<b>15a</b> Post-1986 depreciation adjustment .....		<b>15a</b> <b>3,408</b>
<b>b</b> Adjusted gain or loss .....		<b>15b</b> <b>-14,685</b>
<b>c</b> Depletion (other than oil and gas) .....		<b>15c</b>
<b>d</b> Oil, gas, and geothermal properties – gross income .....		<b>15d</b>
<b>e</b> Oil, gas, and geothermal properties – deductions .....		<b>15e</b>
<b>f</b> Other AMT items (attach statement) .....		<b>15f</b>
<b>16a</b> Tax-exempt interest income .....		<b>16a</b>
<b>b</b> Other tax-exempt income .....		<b>16b</b>
<b>c</b> Nondeductible expenses .....		<b>16c</b>
<b>d</b> Distributions (attach statement if required) (see instructions) .....		<b>16d</b>
<b>e</b> Repayment of loans from shareholders .....		<b>16e</b>
<b>17a</b> Investment income .....		<b>17a</b>
<b>b</b> Investment expenses .....		<b>17b</b>
<b>c</b> Dividend distributions paid from accumulated earnings and profits .....		<b>17c</b>
<b>d</b> Other items and amounts (attach statement) .....		
<b>18</b> Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l .....	<b>18</b>	<b>-111,299</b>

Form 1120S (2010)

Form 1120S (2010) SUBSAND, INCORPORATED

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year
	(a)	(b)	(c)	(d)
1 Cash .....		1,411		546
2a Trade notes and accounts receivable .....				
b Less allowance for bad debts .....	(		(	)
3 Inventories .....		8,500		5,000
4 U.S. government obligations .....				
5 Tax-exempt securities (see instructions) .....				
6 Other current assets (attach statement) .....				
7 Loans to shareholders .....				
8 Mortgage and real estate loans .....				
9 Other investments (attach statement) .....				
10a Buildings and other depreciable assets .....	337,565		159,565	
b Less accumulated depreciation .....	(103,022)	234,543	(78,093)	81,472
11a Depletable assets .....				
b Less accumulated depletion .....	(		(	)
12 Land (net of any amortization) .....	29,000		12,500	
13a Intangible assets (amortizable only) .....	(2,908)	26,092	(2,917)	9,583
14 Other assets (attach statement) .....				
15 Total assets .....		270,546		96,601
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable .....				
17 Mortgages, notes, bonds payable in less than 1 year .....				
18 Other current liabilities (attach statement) STMT 3 .....	4,800			68,237
19 Loans from shareholders .....		108,578		161,046
20 Mortgages, notes, bonds payable in 1 year or more .....		178,551		
21 Other liabilities (attach statement) .....		100		100
22 Capital stock .....				
23 Additional paid-in capital .....				
24 Retained earnings .....		-21,483		-132,782
25 Adjustments to shareholders' equity (attach statement) .....				
26 Less cost of treasury stock .....	(		(	)
27 Total liabilities and shareholders' equity .....		270,546		96,601

**Schedule M-3 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more – see instructions

1 Net income (loss) per books .....	-111,299	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize): .....		a Tax-exempt interest \$ .....	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6 Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a Depreciation \$ .....		a Depreciation \$ .....	
b Travel and entertainment \$ .....		7 Add lines 5 and 6 .....	
4 Add lines 1 through 3 .....	-111,299	8 Income (loss) (Schedule K, line 18), Line 4 less line 7	-111,299

**Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)**

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year .....	-21,483		
2 Ordinary income from page 1, line 21 .....			
3 Other additions .....			
4 Loss from page 1, line 21 .....	89,248		
5 Other reductions .....	(22,051)		
6 Combine lines 1 through 5 .....	-132,782		
7 Distributions other than dividend distributions .....			
8 Balance at end of tax year. Subtract line 7 from line 6 .....	-132,782		

671110

OMB No. 1545-0130

**Schedule K-1  
(Form 1120S)**

Department of the Treasury  
Internal Revenue Service

2010

**Shareholder's Share of Income, Deductions,  
Credits, etc.** ▶ See back of form and separate instructions.

► See back of form and separate instructions.

## **Part I** Information About the Corporation

A Corporation's employer identification number  
20-8793958

B Corporation's name, address, city, state, and ZIP code  
**SUBSAND, INCORPORATED**

105 CURRITUCK COMMERCIAL DR. STE. F  
MOYOCK NC 27958

**C IRS Center where corporation filed return**

## **Part II      Information About the Shareholder**

**D Shareholder's identifying number**

**E Shareholder's name, address, city, state, and ZIP code**

BARRY EATON  
817 CATRINA LANE

CHESAPEAKE VA 23322

**F Shareholder's percentage of stock ownership for tax year** 50.000000 %



For IRS Use Only

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss) - 44,624	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss) - 11,001		
10	Other income (loss)	15 A	Alternative minimum tax (AMT) items 1,704
		B	- 7,343
11	Section 179 deduction	16	Items affecting shareholder basis
12 A	Other deductions 25		
		17	Other information

\* See attached statement for additional information.

671110

OMB No. 1545-0130

**Schedule K-1  
(Form 1120S)**

**Department of the Treasury  
Internal Revenue Service**

2010

Amended K-1

OMB No. 1545-0130

**Shareholder's Share of Income, Deductions,  
Credits, etc.** ➤ See back of form and separate instructions.

► See back of form and separate instructions.

## **Part I** Information About the Corporation

**A** Corporation's employer identification number  
[REDACTED] 3958

3958

**B Corporation's name, address, city, state, and ZIP code**

**SUBSIDIARY NAME, ADDRESS, CITY, STATE, AND ZIP**

105 CURRITUCK COMMERCIAL DR. STE. F  
MOYOCK NC 27958

C IRS Center where corporation filed return  
E-FILE

## **Part II Information About the Shareholder**

**D Shareholder's identifying number**

**E Shareholder's name, address, city, state, and ZIP code**

SUSAN R. EATON

817 CATRINA LANE

CHESAPEAKE VA 23322

**F Shareholder's percentage of stock ownership for tax year**



For IRS Use Only

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss) - 44,624	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss) - 11,000		
10	Other income (loss)	15 A	Alternative minimum tax (AMT) items 1,704
		B	- 7,342
11	Section 179 deduction	16	Items affecting shareholder basis
12 A	Other deductions 25		
		17	Other information

\* See attached statement for additional information.

Form **4797**Department of the Treasury  
Internal Revenue Service (99)**Sales of Business Property**  
**(Also Involuntary Conversions and Recapture Amounts**  
**Under Sections 179 and 280F(b)(2))****2010**Attachment Sequence No. **27**

► Attach to your tax return. ► See separate instructions.

Name(s) shown on return

Identifying number

**SUBSAND, INCORPORATED**

B958

- 1** Enter the gross proceeds from sales or exchanges reported to you for 2010 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) .....

**1****Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)**

<b>2</b> (a) Description of property	<b>(b)</b> Date acquired (mo., day, yr.)	<b>(c)</b> Date sold (mo., day, yr.)	<b>(d)</b> Gross sales price	<b>(e)</b> Depreciation allowed or allowable since acquisition	<b>(f)</b> Cost or other basis, plus improvements and expense of sale	<b>(g)</b> Gain or (loss) Subtract (f) from the sum of (d) and (e)
SALE OF GRANDY VARIOUS	12/01/10		106,586	65,913	194,500	-22,001

- 3** Gain, if any, from Form 4684, line 42 .....
- 4** Section 1231 gain from installment sales from Form 6252, line 26 or 37 .....
- 5** Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .....
- 6** Gain, if any, from line 32, from other than casualty or theft .....
- 7** Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:  
**Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.  
**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.
- 8** Nonrecaptured net section 1231 losses from prior years (see instructions) .....
- 9** Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) .....

<b>3</b>	
<b>4</b>	
<b>5</b>	
<b>6</b>	
<b>7</b>	-22,001
<b>8</b>	
<b>9</b>	

**Part II Ordinary Gains and Losses (see instructions)**

- 10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

<b>11</b> Loss, if any, from line 7 .....	<b>11</b> ( )
<b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable .....	<b>12</b>
<b>13</b> Gain, if any, from line 31 .....	<b>13</b>
<b>14</b> Net gain or (loss) from Form 4684, lines 34 and 41a .....	<b>14</b>
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36 .....	<b>15</b>
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824 .....	<b>16</b>
<b>17</b> Combine lines 10 through 16 .....	<b>17</b>
<b>18</b> For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: <b>a</b> If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions .....	<b>18a</b>
<b>b</b> Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	<b>18b</b>

For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2010)

THERE ARE NO AMOUNTS FOR PAGE 2

**Federal Statements****Statement 1 - Form 1120S, Page 1, Line 19 - Other Deductions**

Description	Amount
ROYALTIES	\$ 57,935
OFFICE SUPPLIES	380
BANK SERVICE CHARGES	9,144
INSURANCE EXPENSE	3,600
AUTO EXPENSE	9,750
UTILITIES	26,852
PROFESSIONAL FEES	3,554
SUPPLIES	134
TELEPHONE	1,608
MISCELLANEOUS EXPENSE	5,510
AMORTIZATION	1,843
TOTAL	<u><u>\$ 120,310</u></u>

20-8793958

## Federal Statements

### Statement 2 - Form 1120S, Page 3, Schedule K, Line 12a - Cash Contributions

Description	Cash Contrib 50%	Cash Contrib 30%	Total
CHARITABLE CONTRIBUTIONS	\$ 50	\$ 50	\$ 50
TOTAL	\$ 50	\$ 0	\$ 50

**Federal Statements****Statement 3 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities**

Description	Beginning of Year	End of Year
FEDERAL 941 TAXES PAYABLE	\$ 1,396	\$ 6,379
STATE WITHHOLDING	325	2,346
SALES TAX PAYABLE	3,079	20,000
CC - SLATE FROM CHASE		5,963
CC - SOUTHWEST RAPID REWARDS		11,350
CC - VISA SIGNATURE/ US AIRWA		20,155
CC - CARNIVAL FUN POINTS		2,044
TOTAL	<u>4,800</u>	<u>68,237</u>

**Statement 4 - Form 1120S, Page 4, Schedule M-2, Line 5(a) - Other Reductions**

Description	Amount
NET SECTION 1231 LOSS	\$ 22,001
CHARITABLE CONTRIBUTIONS	50
TOTAL	<u>22,051</u>

Form 1120S

## Schedule K-1 Summary Worksheet

2010

Name

SUBSAND, INCORPORATED

Employer Identification Number

3958

Shareholder Name

SSN/EIN

Column A ..... BARRY EATON  
 Column B ..... SUSAN R. EATON  
 Column C .....  
 Column D .....

Schedule K Items	Column A	Column B	Column C	Column D	SCH K TOTAL
1 Ordinary income	-44,624	-44,624			-89,248
2 Net rental RE inc					
3c Net other rental inc					
4 Interest income					
5a Ordinary dividends					
5b Qualified dividends					
6 Royalties					
7 Net ST capital gain					
8a Net LT capital gain					
8b Collectibles 28% gain					
8c Unrecap Sec 1250					
9 Net Sec 1231 gain	-11,001	-11,000			-22,001
10 Other income (loss)					
11 Sec 179 deduction					
12a Contributions	25	25			50
12b Invest interest exp					
12c Sec 59(e)(2) exp					
12d Other deductions					
13a,c Low-inc house 42 5					
13b,d Low-inc house other					
13e Qualif rehab exp					
13f Rental RE credits					
13g Other rental credits					
13h Fuel alcohol credit					
13i Other credits					
14b Gross inc all src					
14d-f Total foreign inc					
14g-k Total foreign deds					
14l Total foreign taxes					
14m Reduct in taxes					
15a Depr adjustment	1,704	1,704			3,408
15b Adjusted gain (loss)	-7,343	-7,342			-14,685
15c Depletion					
15d Inc-oil/gas/geoth					
15e Ded-oil/gas/geoth					
15f Other AMT items					
16a Tax-exempt interest					
16b Other tax-exempt					
16c Nonded expense					
16d Total property dist					
16e Shr loan repmts					
17a Investment income					
17b Investment expense					
18 Income (loss)	-55,650	-55,649			-111,299

**Retained Earnings Reconciliation Worksheet**Form **1120S****2010**

For calendar year 2010 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

Name

SUBSAND, INCORPORATED

Employer Identification Number

3958**Schedule L - Retained Earnings**

Retained Earnings - Unappropriated	0
Accumulated Adjustments Account	<u>-132,782</u>
Other Adjustments Account	0
Undistributed Previously Taxed Income	0
 Schedule L, Line 24 - Retained Earnings	 <u>-132,782</u>

**Schedule M-2 - Retained Earnings**

	<b>Accumulated Adjustments Account</b>	<b>Other Adjustments Account</b>	<b>Undistributed Previously Taxed Income</b>	<b>Retained Earnings (Unappropriated) Timing Differences</b>	<b>Total Retained Earnings</b>
Beg Yr Bal	<u>-21,483</u>	0	0	0	<u>-21,483</u>
Ordinary Inc (Loss)	<u>-89,248</u>				<u>-89,248</u>
Other Additions					
Other Reductions	<u>22,051</u>				<u>22,051</u>
Distributions					
 End Yr Bal	 <u>-132,782</u>	 0	 0	 0	 <u>-132,782</u>

Form	<b>1120S</b>	<b>Two Year Comparison Worksheet Page 1</b>	<b>2009 &amp; 2010</b>
------	--------------	---	------------------------

Name	Employer Identification Number		
SUBSAND, INCORPORATED	3958		
	2009	2010	Differences
<b>Income</b>	Gross profit percentage .....	63.9059	60.1760 -3.7299
	Gross receipts less returns and allowances .....	648,943	720,314 71,371
	Cost of goods sold .....	234,230	286,858 52,628
	Gross profit .....	414,713	433,456 18,743
	Net gain (loss) from Form 4797 .....		
	Other income (loss) .....		
	<b>Total income (loss)</b> .....	<b>414,713</b>	<b>433,456</b> 18,743
<b>Deductions</b>	Compensation of officers .....	14,000	20,000 6,000
	Salaries and wages less employment credits .....	153,513	177,414 23,901
	Repairs and maintenance .....	498	4,596 4,098
	Bad debts .....		
	Rents .....	54,168	97,869 43,701
	Taxes and licenses .....	47,137	24,001 -23,136
	Interest .....	10,376	7,833 -2,543
	Depreciation .....	52,104	39,151 -12,953
	Depletion .....		
	Advertising .....	27,366	31,530 4,164
	Pension, profit-sharing, etc., plans .....		
	Employee benefit programs .....		
	Other deductions .....	98,344	120,310 21,966
	<b>Total deductions</b> .....	<b>457,506</b>	<b>522,704</b> 65,198
	<b>Ordinary business income (loss)</b> .....	<b>-42,793</b>	<b>-89,248</b> -46,455
<b>Tax and Payments</b>	Excess net passive income or LIFO recapture tax .....		
	Tax from Schedule D .....		
	<b>Total tax</b> .....	<b>0</b>	<b>0</b> 0
	Estimated tax and prior year overpayment credited .....		
	Tax deposited with Form 7004 .....		
	Credit for federal tax paid on fuels .....		
	Refund applied for on Form 4466 .....	( )	( )
	<b>Total payments and credits</b> .....		
	<b>Tax due (overpayment)</b> .....	<b>0</b>	<b>0</b> 0
	Estimated tax penalty from Form 2220 .....		
	Penalties and interest .....		
	<b>Net tax due (overpayment)</b> .....	<b>0</b>	<b>0</b> 0
	Overpayment credited to next year's estimated tax .....		
	Overpayment refunded .....		

Form 1120S		Two Year Comparison Worksheet Page 2		2009 & 2010
Name				Employer Identification Number
SUBSAND, INCORPORATED				3958
<b>Income (Loss)</b>	Ordinary business income (loss) .....	2009 -42,793	2010 -89,248	Differences -46,455
	Net rental real estate income (loss) .....			
	Other net rental income (loss) .....			
	Interest income .....			
	Dividends .....			
	Royalties .....			
	Net short-term capital gain (loss) .....			
	Net long-term capital gain (loss) .....			
	Net Section 1231 gain (loss) .....		-22,001	-22,001
	Other income (loss) .....			
<b>Deductions</b>	Section 179 deduction .....			
	Charitable contributions .....	120	50	-70
	Investment interest expense .....			
	Section 59(e)(2) expenditures .....			
	Other deductions .....			
<b>Credits</b>	Low-income housing credit (Section 42(j)(5)) .....			
	Low-income housing credit (other) .....			
	Qualified rehabilitation expenditures (rental real estate) .....			
	Other rental real estate credits .....			
	Other rental credits .....			
	Alcohol and cellulosic biofuel fuels credit .....			
	Other credits .....			
<b>Foreign Transactions</b>	Total foreign gross income .....			
	Total foreign deductions .....			
	Total foreign taxes .....			
	Reduction in taxes available for credit .....			
<b>AMT Items</b>	Post-1986 depreciation adjustment .....	10,368	3,408	-6,960
	Adjusted gain or loss .....		-14,685	-14,685
	Depletion (other than oil and gas) .....			
	Oil, gas, and geothermal properties-gross income .....			
	Oil, gas, and geothermal properties-deductions .....			
	Other AMT items .....			
<b>Items Affecting S/H Basis</b>	Tax-exempt interest income .....			
	Other tax-exempt income .....			
	Nondeductible expenses .....			
	Distributions .....			
	Repayment of loans from shareholders .....			
<b>Other Information</b>	Investment income .....			
	Investment expenses .....			
	Dividend distributions paid from accumulated E&P .....			
	Income (loss) (if Schedule M-1 is required) .....	-42,913	-111,299	-68,386

Form <b>1120S</b>		<b>Two Year Comparison Worksheet Page 3</b>			<b>2009 &amp; 2010</b>	
Name <b>SUBSAND, INCORPORATED</b>				Employer Identification Number <b>3958</b>		
<b>Schedule L</b>		<b>2009</b>	<b>2010</b>	<b>Differences</b>		
		Beginning assets .....	172,895	270,546	97,651	
		Beginning liabilities and equity .....	172,895	270,546	97,651	
		Ending assets .....	270,546	96,601	-173,945	
		Ending liabilities and equity .....	270,546	96,601	-173,945	
<b>Schedule M-1</b>		Net income (loss) per books .....	-42,913	-111,299	-68,386	
		Taxable income not on books .....				
		Book expenses not deducted .....				
		Income on books not on return .....				
		Return deductions not on books .....				
		Income (loss) per return .....	-42,913	-111,299	-68,386	
<b>Schedule M-2 AAA</b>		Balance at beginning of year .....	21,430	-21,483	-42,913	
		Ordinary income (loss) from page 1 .....	-42,793	-89,248	-46,455	
		Other additions .....				
		Other reductions .....	120	22,051	21,931	
		Distributions other than dividend distributions .....				
		Balance at end of year .....	-21,483	-132,782	-111,299	
<b>Schedule M-2 OAA</b>		Balance at beginning of year .....				
		Other additions .....				
		Other reductions .....				
		Distributions other than dividend distributions .....				
		Balance at end of year .....				
<b>Schedule M-2 PTI</b>		Balance at beginning of year .....				
		Distributions other than dividend distributions .....				
		Balance at end of year .....				
<b>Schedule M-3</b>		Total income (loss) items:				
		Income (loss) per income statement .....				
		Temporary difference .....				
		Permanent difference .....				
		Income (loss) per tax return .....				
		Total expense/deduction items:				
		Expense per income statement .....				
		Temporary difference .....				
		Permanent difference .....				
		Deduction per tax return .....				
		Other items with no differences:				
		Income (loss) per income statement .....				
		Income (loss) per tax return .....				
		Reconciliation totals:				
		Income (loss) per income statement .....				
Temporary difference .....						
Permanent difference .....						
Income (loss) per tax return .....						

**Shareholder's Basis Worksheet Page 1**Form **1120S****Schedule K-1**

For calendar year 2010 or tax year beginning

, ending

**2010**Name **SUBSAND, INCORPORATED  
BARRY EATON**

Taxpayer Identification Number

**3958****Stock Basis**

1. Beginning of year stock basis .....	0
2. Capital contributions .....	
<b>Additions:</b>	
3. Ordinary business income .....	
4. Net rental real estate income .....	
5. Other net rental income .....	
6. Interest, dividends and royalties .....	
7. Net capital gains .....	
8. Net section 1231 gain .....	
9. Tax-exempt interest and other income .....	
10. Other income .....	
11. Other increases .....	
12. Subtotal (Add line 1 through line 11) .....	
<b>Subtractions:</b>	
13. Distributions .....	
14. Total losses and deductions applied against stock basis (See Shareholder's Basis Worksheet Page 2) .....	
15. Other decreases .....	
16. Amount used to restore loan basis .....	
17. End of year stock basis (Subtract the sum of lines 13 through 16 from line 12) .....	0

**Loan Basis**

18. Beginning of year loan basis .....	43,597
19. Loans to corporation .....	26,234
20. Loan basis restored - amount used in prior years to offset losses .....	
21. Other increases .....	
22. Loan repayments .....	
23. Total losses and deductions applied against loan basis (See Shareholder's Basis Worksheet Page 2) .....	55,650
24. Other decreases .....	
25. End of year loan basis (Subtract the sum of lines 22 through 24 from the sum of lines 18 through 21) .....	14,181
26. End of year stock and loan basis (Add line 17 and line 25) .....	<u>14,181</u>

**Gain Recognized on Excess Distributions**

27. Distributions .....	
28. Stock basis before distributions and loss items .....	
29. Gain recognized on excess distributions (Subtract line 28 from line 27) .....	

**Gain Recognized on Repayment of Shareholder Loan**

30. Loan basis at beginning of tax year .....	
31. Basis restored - amount used in prior years to offset losses .....	
32. Loan basis before loan repayment (Add line 30 and line 31) .....	
33. Face amount of shareholder loan at beginning of tax year .....	
34. Loan repayments to shareholder during tax year .....	
35. Nontaxable return of loan basis ((Line 32 divided by line 33) multiplied by line 34)) .....	
36. Gain recognized on repayment of shareholder loan (Subtract line 35 from line 34) .....	

**Form 1120S**  
**Schedule K-1**

For calendar year 2010 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

Name SUBSAND, INCORPORATED  
BARRY EATON

**Shareholder's Basis Worksheet Page 2**

**2010**

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Taxpayer Identification Number  
3958 [REDACTED]

**Loss Allocated to Stock and Loan Basis**

	Suspended Losses	Current Year Loss	Total Loss	Percent	Allowed Stock Loss	Percent	Disallowed Stock Loss	Percent	Allowed Loan Loss	Percent	Disallowed Loss to Carryforward	Total Allowed Loss
Nondeductible noncap expenses												
Deductible items:												
Ordinary business loss	44,624	44,624	80.19		44,624	80.19	44,624	44,624	44,624	44,624		
Net rental real estate loss												
Other net rental loss												
Short-term capital loss												
Long-term capital loss												
Net section 1231 loss												
Other portfolio loss												
Other losses												
Section 179 expense												
Cash contributions (50%)												
Cash contributions (30%)												
Noncash contributions (50%)												
Qual conserv contrib (50%)												
Noncash contributions (30%)												
Cap gain prop 50% org (30%)												
Cap gain prop (20%)												
Qual conserv contrib (100%)												
Portfolio deductions (2% floor)												
Portfolio deductions (other)												
Investment interest expense												
Deductions-royalty income												
Section 59(e)(2) expend												
Preproductive period exp												
Commercial revitalization ded												
Reforestation expense ded												
Other deductions												
Foreign taxes												
Total deductible items	55,650	55,650	100.00		55,650	100.00	55,650	55,650	55,650	55,650		
Total nondeductible items	55,650	55,650			55,650		55,650		55,650			

Note to shareholder: This worksheet was prepared based on corporation records. Please consult with your tax advisor for adjustments.

**Shareholder's Basis Worksheet Page 1****Form 1120S****Schedule K-1**

For calendar year 2010 or tax year beginning

, ending

**2010**Name SUBSAND, INCORPORATED  
SUSAN R. EATON

Taxpayer Identification Number

3958

**Stock Basis**

1. Beginning of year stock basis .....	0
2. Capital contributions .....	
<b>Additions:</b>	
3. Ordinary business income .....	
4. Net rental real estate income .....	
5. Other net rental income .....	
6. Interest, dividends and royalties .....	
7. Net capital gains .....	
8. Net section 1231 gain .....	
9. Tax-exempt interest and other income .....	
10. Other income .....	
11. Other increases .....	
12. Subtotal (Add line 1 through line 11) .....	
<b>Subtractions:</b>	
13. Distributions .....	
14. Total losses and deductions applied against stock basis (See Shareholder's Basis Worksheet Page 2) .....	
15. Other decreases .....	
16. Amount used to restore loan basis .....	
17. End of year stock basis (Subtract the sum of lines 13 through 16 from line 12) .....	0

**Loan Basis**

18. Beginning of year loan basis .....	43,598
19. Loans to corporation .....	26,234
20. Loan basis restored - amount used in prior years to offset losses .....	
21. Other increases .....	
22. Loan repayments .....	
23. Total losses and deductions applied against loan basis (See Shareholder's Basis Worksheet Page 2) .....	55,649
24. Other decreases .....	
25. End of year loan basis (Subtract the sum of lines 22 through 24 from the sum of lines 18 through 21) .....	14,183
26. End of year stock and loan basis (Add line 17 and line 25) .....	<u>14,183</u>

**Gain Recognized on Excess Distributions**

27. Distributions .....	
28. Stock basis before distributions and loss items .....	
29. Gain recognized on excess distributions (Subtract line 28 from line 27) .....	

**Gain Recognized on Repayment of Shareholder Loan**

30. Loan basis at beginning of tax year .....	
31. Basis restored - amount used in prior years to offset losses .....	
32. Loan basis before loan repayment (Add line 30 and line 31) .....	
33. Face amount of shareholder loan at beginning of tax year .....	
34. Loan repayments to shareholder during tax year .....	
35. Nontaxable return of loan basis ((Line 32 divided by line 33) multiplied by line 34)) .....	
36. Gain recognized on repayment of shareholder loan (Subtract line 35 from line 34) .....	

**Form 1120S**  
**Schedule K-1**

For calendar year 2010 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

Name SUBSAND, INCORPORATED  
SUSAN R. EATON

**Shareholder's Basis Worksheet Page 2**

**2010**

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Taxpayer Identification Number  
3958 [REDACTED]

**Loss Allocated to Stock and Loan Basis**

	Suspended Losses	Current Year Loss	Total Loss	Percent	Allowed Stock Loss	Percent	Disallowed Stock Loss	Percent	Allowed Loan Loss	Percent	Disallowed Loss to Carryforward	Total Allowed Loss
Nondeductible noncap expenses												
Deductible items:												
Ordinary business loss	44,624	44,624	80.19		44,624	80.19	44,624	44,624				44,624
Net rental real estate loss												
Other net rental loss												
Short-term capital loss												
Long-term capital loss												
Net section 1231 loss	11,000	11,000	19.77		11,000	19.77	11,000	11,000				11,000
Other portfolio loss												
Other losses												
Section 179 expense												
Cash contributions (50%)												
Cash contributions (30%)												
Noncash contributions (50%)												
Qual conserv contrib (50%)												
Noncash contributions (30%)												
Cap gain prop 50% org (30%)												
Cap gain prop (20%)												
Qual conserv contrib (100%)												
Portfolio deductions (2% floor)												
Portfolio deductions (other)												
Investment interest expense												
Deductions-royalty income												
Section 59(e)(2) expend												
Preproductive period exp												
Commercial revitalization ded												
Reforestation expense ded												
Other deductions												
Foreign taxes												
Total deductible items	55,649	55,649	100.00		55,649	100.00	55,649	55,649				55,649
Total nondeductible items	55,649	55,649			55,649		55,649					55,649

Note to shareholder: This worksheet was prepared based on corporation records. Please consult with your tax advisor for adjustments.

3958

**Federal Statements****Form 1120S, Page 1, Line 1a - Gross Receipts**

Description	Amount
FOOD SALES	\$ 720,314
TOTAL	\$ <u>720,314</u>

---

**Form 1120S, Page 1, Line 12 - Taxes and Licenses**

Description	Amount
PAYROLL TAXES	\$ 16,410
FEDERAL TAXES	75
TAXES - PROPERTY	<u>7,516</u>
TOTAL	\$ <u>24,001</u>

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**Form 1120S, Page 1, Line 13 - Interest**

Description	Amount
INTEREST EXPENSE	\$ 7,833
TOTAL	\$ <u>7,833</u>

**Federal Statements****Form 1120S, Page 4, Schedule L, Line 3 - Inventories**

Description	Beginning of Year	End of Year
FOOD INVENTORY	\$ 8,500	\$ 5,000
TOTAL	<u>\$ 8,500</u>	<u>\$ 5,000</u>

**Form 1120S, Page 4, Schedule L, Line 19 - Loans from Shareholders**

Description	Beginning of Year	End of Year
NOTE PAYABLE - STOCKHOLDER	\$ 108,578	\$ 161,046
TOTAL	<u>\$ 108,578</u>	<u>\$ 161,046</u>

**Form 1120S, Page 4, Schedule L, Line 20 - Mortgages, Notes, Bonds Payable in One Year or More**

Description	Beginning of Year	End of Year
NOTE PAYABLE - INVESTOR	\$ 47,000	\$
N/P - GRANDY STORE	125,551	
N/P - COCA-COLA	6,000	
TOTAL	<u>\$ 178,551</u>	<u>\$ 0</u>

CD-479 (42) **Business Corporation North Carolina Annual Report**  
11-22-10

This report may be filed online at the Secretary of State website: [www.sosnc.com](http://www.sosnc.com)

Name of Bus. Corporation: SUBSAND, INCORPORATED

Fiscal Year Ending: 12 31 10

State of Incorporation: NC

Month / Day / Year

Secretary of State ID Number: 915116

I hereby certify that an annual report completed in its entirety has been submitted and the information requested below (required by NCGS 55-16-22) has not changed and is therefore complete.

Nature of Business:

Registered Agent:

Registered Office Mailing Address:

County: City: State: Zip Code:

Registered Office Street Address:

County: City: State: Zip Code:

Signature of New Registered Agent:

(Signature constitutes consent to the appointment)

Principal Office Telephone Number:

Principal Office Mailing Address:

City: State: Zip Code:

Principal Office Street Address:

City: State: Zip Code:

Name, Title, and Business Address of Principal Officers:

Name:	Title:	
Address:		
City:	State:	Zip:

Name:	Title:	
Address:		
City:	State:	Zip:

Name:	Title:	
Address:		
City:	State:	Zip:

Certification of annual report (Must be completed by all Business Corporations).

Signature (Form must be signed by an officer of corporation)  
**BARRY C. EATON**

Type or Print Name

Date  
**PRESIDENT**

Title

CD-401S (42)

**S Corporation Tax Return 2010**

North Carolina Department of Revenue

For calendar year 2010, or other tax year beginning		10 and ending		DOR Use Only
SUBSAND, INCORPORATED 105 CURRITUCK COMMERCIAL DR. STE. F MOYOCK NC 27958				Federal Employer ID Number [REDACTED]
<input type="checkbox"/> Fed Schedule M-3 is attached <input type="checkbox"/> Qualified Subchapter S Subsidiary		<input type="checkbox"/> Initial Filer <input type="checkbox"/> Final Return	<input type="checkbox"/> NC-478 <input checked="" type="checkbox"/> CD-479	<input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Amended Return
				N.C. Secretary of State ID Number 915116 NAICS Code 722110

SUBS 105 27958 [REDACTED] 915116 722110

M3 N QSSS N IF N FR N 478 N 479 Y LLC N AR N

SUBSAND INCORPORATED

105 CURRITUCK COMMERCIAL DR STE F MOYOCK NC 27958

BD	0	06	35	16	-111211	26C	0
GR	720314	07	0	17	0	26D	0
TA	96601	08	95	19	0	26E	0
		09	0	20	0	28	0
01	0	10	-111249	21	0	29	0
HCE	N	11	38	22	0	33A	0
02	86472	13	0	24	25	33B	0
03	40357	14	-111211	26A	25	36	0
05	130	15	1000000	26B	0	37	0
FEIN	Y	SSN	N	PTIN	N	PP [REDACTED]	TN [REDACTED]



Sch. A Computation of Franchise Tax		Sch. B Computation of Corporate Income Tax	
1. Capital Stock, Surplus, & Undivided Profits	-132682	10. Shareholder's Shares of	-111249
Holding Company Exception	N	Corporate Income (Loss)	
2. Investment in N.C. Tangible Property	86472	11. Adjustments to Corporation Income (Loss)	38
3. Appraised Value of N.C. Tangible Property	40357	12. N.C. Taxable Income	-111211
4. Taxable Amount	86472	13. Nonapportionable Income	0
5. Total Franchise Tax Due	130	14. Apportionable Income	-111211
6. Application for Franchise Tax Extension	35	15. Apportionment Factor	100.0000 %
7. Tax Credits	0	16. Income Apportioned to N.C.	-111211
8. Franchise Tax Due	95	17. Nonapportionable Income Allocated to N.C.	0
9. Franchise Tax Overpaid	0	18. Total Net Taxable Income	-111211

Sign Return Below	Refund Due	0	X Payment Due	95
-------------------	------------	---	---------------	----

PRESIDENT

Signature and Title of Officer

7574357780

Corporate Telephone Number

Date

7574109283

Preparer's Telephone Number

Date

Signature of Paid Preparer

Preparer's FEIN, SSN, or PTIN

I certify that, to the best of my knowledge, this return is accurate and complete.

 FEIN  SSN  PTIN

**CD-401S 2010 Page 2 (42)**

Legal Name (First 10 Characters)	SUBSAND, I	Federal Employer ID Number	[REDACTED]
<b>CD-401S Line-by-Line Information</b>			
Enter the amount of bonus depreciation from Schedule K, Line 6 for nonresident shareholders filing composite			0
<b>Sch. B Computation of Corporate Income Tax</b>			
19. Amount of Line 18 Attributable to Nonresidents Filing Composite	0	3. Total land and buildings located in N.C.	0
20. Separately Stated Items of Income Attributable to Nonresidents Filing Composite	0	4. Total leasehold improvements and other N.C. tangible property	75000
21. N.C. Income Tax	0	5. Add Lines 1 through 4	164565
22. Surtax	0	6. Acc. depreciation, depletion, and amortization with respect to N.C. tangible property	78093
23. Income Tax for Nonresidents Filing Composite Before Payments and Credits	0	7. Debts existing for N.C. real estate	0
24. Annual Report Fee (\$25.00)	25	8. Investment in N.C. Tangible Property	86472
25. Add Lines 23 and 24	25		
26. Payments a. Application for Income Tax Extension	25		
b. 2010 Estimated Tax (previous payments if amended)	0		
c. Partnership (Include Form D-403, NC K-1)	0		
d. Nonresident Withholding (Include 1099 or W-2)	0		
e. Tax Credits Attributable to Nonresidents Filing Composite	0		
27. Add Lines 26a through 26e	25		
28. Income Tax Due	0		
29. Income Tax Overpaid	0		
<b>Tax Due or Refund</b>			
30. Franchise Tax Due or Overpayment	95	1. a. Gross receipts or sales	720314
31. Income Tax Due or Overpayment	0	b. Returns and allowances	0
32. Balance of Tax Due or Overpayment	95	c. Balance - Line 1a minus 1b	720314
33. a. Interest	0	2. Cost of goods sold (Attach schedule)	STMT 1 286858
b. Penalties	0	3. Gross Profit	433456
34. Total Due	95	4. Net gain (loss) (Attach schedule)	0
35. Overpayment	0	5. Other income (loss) (Attach schedule)	0
36. 2011 Estimated Income Tax	0	6. <b>Total Income (Loss)</b>	433456
37. Amount to be Refunded	0	7. Compensation of officers (Attach schedule)	STMT 2 20000
<b>Sch. C Capital Stock, Surplus, and Undivided Profits</b>			
1. Total capital stock outstanding less cost of treasury stock	100	8. Salaries and wages (less employment credits)	177414
2. Paid-in or capital surplus	0	9. Repairs and maintenance	4596
3. Retained earnings	-132782	10. Bad debts	0
4. Other surplus	0	11. Rents	97869
5. Deferred or unearned income	0	12. Taxes and licenses	STMT 3 24001
6. Allowance for bad debts	0	13. Interest	7833
7. LIFO reserves	0	14. a. Depreciation SEE ATT	39151
8. Other reserves that do not represent definite and accrued legal liabilities	0	b. Depreciation included in cost of goods sold	0
9. Add Lines 1 through 8	-132682	c. Balance - Line 14a minus 14b	39151
10. Affiliated indebtedness	0	15. Depletion	0
11. Line 9 plus (or minus) Line 10	-132682	16. Advertising	31530
12. Apportionment factor	100.0000 %	17. Pension, profit-sharing, and similar plans	0
13. Capital Stock, Surplus, and Undivided Profits	-132682	18. Employee benefit programs	0
<b>Sch. D Investment in N.C. Tangible Property</b>			
Inventory valuation method	COST	19. Other deductions (Attach schedule)	STMT 4 120310
1. Total inventories located in N.C.	5000	20. Total Deductions	522704
2. Total furniture, fixtures, and M & E located in N.C.	84565	21. Ordinary Business Income (Loss)	-89248

This page must be filed with the first page of Form CD-401S.

CD-401S 2010 Page 3 (42)

**Legal Name (First 10 Characters)**

SUBSAND, I.

**Federal Employer ID Number**

3958

<b>Sch. I Adjustments to Income (Loss)</b>		<b>Other Information - All Taxpayers Must Complete Schedule</b>		
1.	Additions to Income (Loss)			NORTH CAROLINA
a.	Taxes based on net income	0	b. Date incorporated	05 18 07
b.	Interest on non-N.C. obligations	0	2. Date of N.C. Certificate of Authority	05 18 07
c.	Bonus depreciation	0	3. Trade or business: a. In N.C.	SALES
d.	Other additions to federal taxable income	0	b. Everywhere	SALES
2.	Total Additions	0	4. Principal place of business	MOYOCK NC
3.	Deductions from Income (Loss)		5. a. What was the last year the IRS redetermined the corporation's federal taxable income?	
a.	U.S. obligation interest (net of expenses)	0	b. Were adjustments reported to N.C.?	
b.	Bonus depreciation	-38	c. If so, when?	
c.	Other deductions from federal taxable income	0	6. Does this corporation have escheatable property?	N
4.	Total Deductions	-38	7. Is corporation subject to franchise tax but not N.C. income tax because its' income tax activities are protected? (If yes, attach explanation)	N
5.	Adjustments to Income (Loss)	38		

**Income Tax/Surtax Rate Schedule for Nonresident Shareholders Filing Composite**

		If NC Taxable Income for the composite filer is	The Applicable Percentage is
<b>Income</b>	6.00% of the first \$12,750		
	7.00% of the amount over \$12,750 but no more than \$60,000	<b>Surtax</b> Greater than \$60,000 but not exceed \$150,000	2%
	7.75% of the amount over \$60,000	Greater than \$150,000	3%

**Sch. K Shareholders' Pro Rata Share Items**

	Shareholder 1	Shareholder 2	Shareholder 3	Shareholder 4
1. Identifying Number				
2. Name	BARRY EATON SUSAN R. EATO			
3. Address	817 CATRINA L 817 CATRINA L CHESAPEAKE VA CHESAPEAKE VA			
4. Ownership %	50.0000%	50.0000%	%	%
5. Share of income (loss)	-55625	-55624	0	0
6. Additions to income (loss)	0	0	0	0
7. Deductions from income (loss)	-19	-19	0	0
8. Income subject to N.C. tax	-55606	-55605	0	0
9. Share of tax credits	0	0	0	0
10. Tax withheld from nonwage compensation	0	0	0	0
11. Amount of Line 8 apportioned or allocated to N.C. (nonresidents only)	-55606	-55605	0	0
12. Separately stated items of income (nonresidents only)	0	0	0	0
13. Net tax paid, including surtax, for shareholder by corporation (nonresidents only)	0	0	0	0
	Shareholder 5	Shareholder 6	Shareholder 7	Shareholders' Total
1. Identifying Number				
2. Name				
3. Address				
4. Ownership %	%	%	%	100.0000 %
5. Share of income (loss)	0	0	0	-111249
6. Additions to income (loss)	0	0	0	0
7. Deductions from income (loss)	0	0	0	-38
8. Income subject to N.C. tax	0	0	0	-111211
9. Share of tax credits	0	0	0	0
10. Tax withheld from nonwage compensation	0	0	0	0
11. Amount of Line 8 apportioned or allocated to N.C. (nonresidents only)	0	0	0	-111211
12. Separately stated items of income (nonresidents only)	0	0	0	0
13. Net tax paid, including surtax, for shareholder by corporation (nonresidents only)	0	0	0	0

**This page must be filed with the first page of Form CD-401S.**

**CD-401S 2010 Page 4 (42)**

Legal Name (First 10 Characters)

SUBSAND, I

Federal Employer ID Number

3958

**Sch. L Balance Sheet per Books**

Assets	Beginning of Tax Year		End of Tax Year	
	(a)	(b)	(c)	(d)
1. Cash		1411		546
2. a. Trade notes and accounts receivable b. Less allowance for bad debts	0 ( 0 )	0 ( 0 )	0 ( 0 )	0 0 0
3. Inventories		8500		5000
4. a. U.S. government obligations b. State and other obligations		0 0		0 0
5. Tax-exempt securities		0		0
6. Other current assets (Attach schedule)		0		0
7. Loans to shareholders		0		0
8. Mortgage and real estate loans		0		0
9. Other investments (Attach schedule)		0		0
10. a. Buildings and other depreciable assets b. Less accumulated depreciation	337565 ( 103022 )	234543 ( 78093 )	159565 0 0	81472 0 0
11. a. Depletable assets b. Less accumulated depletion	0 ( 0 )	0 ( 0 )	0 0	0 0
12. Land (net of any amortization)		0		0
13. a. Intangible assets (amortizable only) b. Less accumulated amortization	29000 ( 2908 )	26092 ( 2917 )	12500 0	9583 0
14. Other assets (Attach schedule)		0		0
<b>15. Total Assets</b>		<b>270546</b>		<b>96601</b>
<b>Liabilities and Shareholders' Equity</b>				
16. Accounts payable		0		0
17. Mortgages, notes, and bonds payable in less than 1 year		0		0
18. Other current liabilities (Attach schedule)	STMT 5	4800		68237
19. Loans from shareholders		108578		161046
20. Mortgages, notes, and bonds payable in 1 year or more		178551		0
21. Other liabilities (Attach schedule)		0		0
22. Capital stocks		100		100
23. Additional paid-in capital		0		0
24. Retained earnings		-21483		-132782
25. Adjustments to shareholders' equity (Attach schedule)		0		0
26. Less cost of treasury stock	( 0 )		( 0 )	
<b>27. Total Liabilities and Shareholders' Equity</b>		<b>270546</b>		<b>96601</b>

**Sch. M-1 Federal Schedule**

1. Net income (loss) per books	-111299	5. Income recorded on books this year not included on Federal Sch. K, Lines 1 through 10 (itemize):
2. Income included on Federal Sch. K, Lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9 and 10 not recorded on books this year (itemize):		Tax-exempt interest 0 0
3. Expenses recorded on books this year not included on Federal Sch. K, Lines 1 through 12, and 14l (itemize):	0	6. Deductions included on Federal Sch. K, Lines 1 through 12, 14l not charged against book income this year (itemize):
a. Depreciation	0	Depreciation 0 0
b. Travel and entertainment	0	
4. Add Lines 1 through 3	-111299	7. Total 8. Income or Loss (Fed. Sch. K, Line 18) -111299

Explanation of Changes for Amended Return:

**CD-401S 2010 Page 5 (42)**

Legal Name (First 10 Characters)

SUBSAND, I

Federal Employer ID Number

3958

**Sch. M-2 Analysis of N.C. AAA**

	N.C. Accumulated Adjustments	N.C. Other Adjustments	Undistributed Taxable Income Previously Taxed
1. Balance at beginning of year	-21483	0	0
2. Ordinary income from Sch. G, Line 21	0		
3. Other additions	0	0	
4. Loss from Sch. G, Line 21	( 89248 )		
5. Other reductions SEE STATEMENT 6	( 22051 )	( 0 )	0
6. Compute Lines 1 through 5	-132782	0	0
7. Distributions other than dividend distributions	0	0	0
8. Balance at end of tax year	-132782	0	0

**Sch. N Nonapportionable Income**

Nonapportionable Income	Gross Amounts	Related Expenses	Net Amounts	Net Amounts Allocated Directly to N.C.
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
1. Nonapportionable Income			0	
2. Nonapportionable Income Allocated to N.C.				0

Explanation of why income listed is nonapportionable income rather than apportionable income:

**Sch. O Computation of Apportionment Factor**

**Part 1. Domestic Corporations and Other Corporations Not Apportioning Franchise or Income Outside N.C.**

100.0000 %

**Part 2. Corporations Apportioning Franchise or Income to N.C. and to Other States**

	1. Within North Carolina		2. Total Everywhere	
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period
1. Land	0	0	0	0
2. Buildings	0	0	0	0
3. Inventories	0	0	0	0
4. Other property	0	0	0	0
5. Total	0	0	0	0
6. Average value of property	0		0	
7. Rented property	0		0	
8. Property Factor	0		0	Factor 0.0000 %
9. Gross payroll	0		0	
10. Compensation of general executive officers	0		0	
11. Payroll Factor	0		0	0.0000 %
12. Sales Factor	0		0	0.0000 %
13. Sales Factor				0.0000 %
14. Total of Factors				0.0000 %
15. N.C. Apportionment Factor				0.0000 %
<b>Part 3. Corporations Apportioning Franchise or Income to N.C. and to Other States Using Single Sales Factor</b>				0.0000 %
<b>Part 4. Special Apportionment</b>				0.0000 %

**NC K-1 (42)  
(CD-401S)**

11-21-10

**Shareholder's Share of  
N.C. Income, Adjustments, and Credits**  
North Carolina Department of Revenue

For calendar year 2010 or other year starting 10 and ending

<b>Part. 1 Information about the Corporation</b>		<b>Part. 2 Information about the Shareholder</b>	
<b>A. Corporation's Employer Identification Number</b> <input type="text"/> 3958		<b>A. Shareholder's Identifying Number</b> <input type="text"/>	
<b>B. Corporation's Name, Address, and Zip Code</b>  SUBSAND, INCORPORATED 105 CURRITUCK COMMERCIAL DR. STE.  MOYOCK NC 27958		<b>B. Shareholder's Name, Address, and Zip Code</b>  BARRY EATON 817 CATRINA LANE  CHESAPEAKE VA 23322	
<b>C. Has Nonresident Shareholder Agreement Form NC-NA been filed?</b> <input checked="" type="checkbox"/>		<b>C. Shareholder's percentage of stock ownership for tax year</b> 050%	

**Part. 3 Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items**

All Shareholders	
<b>1. Share of corporation income (loss)</b> Line 1 should already be included in federal taxable income	-55625
<b>2. Additions to income (loss)</b>	
<b>a. Addition for bonus depreciation</b> Enter here and on Form D-400, Page 3, Line 40	0
<b>b. Other additions to income (loss)</b> Enter here and on Form D-400, Page 3, Line 42	0
<b>3. Deductions from income (loss)</b> Enter here and on Form D-400, Page 3, Line 52	-19
<b>4. Share of tax credits</b> Enter here and on Form D-400TC, see Form D-400 Instructions	0
<b>5. Share of tax withheld from nonwage compensation paid for personal services performed in N.C.</b> Enter here and on Form D-400, Page 2, Line 21	0
<hr/>	
Nonresidents Only	
<b>6. Nonresident's share of N.C. taxable income (loss)</b> Enter here and on Form D-400, Page 4, Line 54	-55606
<b>7. Nonresident's share of separately stated items of income</b> Line 7 should already be included in federal taxable income	0
<b>8. Nonresident's share of net tax paid, including surtax, by the S Corporation</b> Enter here and on Form D-400, Page 2, Line 22d	0

**NC K-1 (42)  
(CD-401S)**

11-21-10

**Shareholder's Share of  
N.C. Income, Adjustments, and Credits**  
North Carolina Department of Revenue

For calendar year 2010 or other year starting 10 and ending

<b>Part. 1 Information about the Corporation</b>		<b>Part. 2 Information about the Shareholder</b>	
A. Corporation's Employer Identification Number [REDACTED]		A. Shareholder's Identifying Number [REDACTED]	
B. Corporation's Name, Address, and Zip Code  SUBSAND, INCORPORATED 105 CURRITUCK COMMERCIAL DR. STE.  MOYOCK NC 27958		B. Shareholder's Name, Address, and Zip Code  SUSAN R. EATON 817 CATRINA LANE  CHESAPEAKE VA 23322	
C. Has Nonresident Shareholder Agreement Form NC-NA been filed? <input checked="" type="checkbox"/>		C. Shareholder's percentage of stock ownership for tax year 050%	

**Part. 3 Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items**

All Shareholders	
1. Share of corporation income (loss) Line 1 should already be included in federal taxable income	-55624
2. Additions to income (loss) <ul style="list-style-type: none"> <li>a. Addition for bonus depreciation Enter here and on Form D-400, Page 3, Line 40</li> <li>b. Other additions to income (loss) Enter here and on Form D-400, Page 3, Line 42</li> </ul>	0 0
3. Deductions from income (loss) Enter here and on Form D-400, Page 3, Line 52	-19
4. Share of tax credits Enter here and on Form D-400TC, see Form D-400 Instructions	0
5. Share of tax withheld from nonwage compensation paid for personal services performed in N.C. Enter here and on Form D-400, Page 2, Line 21	0
Nonresidents Only	
6. Nonresident's share of N.C. taxable income (loss) Enter here and on Form D-400, Page 4, Line 54	-55605
7. Nonresident's share of separately stated items of income Line 7 should already be included in federal taxable income	0
8. Nonresident's share of net tax paid, including surtax, by the S Corporation Enter here and on Form D-400, Page 2, Line 22d	0

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**North Carolina Statements****Statement 1 - Form CD-401S, Page 2, Schedule G, Line 2 - Cost of Goods Sold**

Description	Amount
BEGINNING INVENTORY	\$ 8,500
PURCHASES	283,358
LESS: ENDING INVENTORY	-5,000
TOTAL	<u>\$ 286,858</u>

**Statement 2 - Form CD-401S, Page 2, Schedule G, Line 7 - Compensation of Officers**

Officer Name	Compensation
OFFICER SALARIES	\$ 20,000
TOTAL	<u>\$ 20,000</u>

**Statement 3 - Form CD-401S, Page 2, Schedule G, Line 12 - Taxes and Licenses**

Description	Amount
PAYROLL TAXES	\$ 16,410
FEDERAL TAXES	75
TAXES - PROPERTY	<u>7,516</u>
TOTAL	<u>\$ 24,001</u>

**Statement 4 - Form CD-401S, Page 2, Schedule G, Line 19 - Other Deductions**

Description	Amount
ROYALTIES	\$ 57,935
OFFICE SUPPLIES	380
BANK SERVICE CHARGES	9,144
INSURANCE EXPENSE	3,600
AUTO EXPENSE	9,750
UTILITIES	26,852
PROFESSIONAL FEES	3,554
SUPPLIES	134
TELEPHONE	1,608
MISCELLANEOUS EXPENSE	5,510
AMORTIZATION	1,843
TOTAL	<u>\$ 120,310</u>

93958

**North Carolina Statements****Statement 5 - Form CD-401S, Page 4, Schedule L, Line 18 - Other Current Liabilities**

Description	Beginning of Year	End of Year
FEDERAL 941 TAXES PAYABLE	\$ 1,396	\$ 6,379
STATE WITHHOLDING	325	2,346
SALES TAX PAYABLE	3,079	20,000
CC - SLATE FROM CHASE		5,963
CC - SOUTHWEST RAPID REWARDS		11,350
CC - VISA SIGNATURE/ US AIRWA		20,155
CC - CARNIVAL FUN POINTS		2,044
TOTAL	<u>\$ 4,800</u>	<u>\$ 68,237</u>

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**North Carolina Statements****Statement 6 - Form CD-401S, Page 5, Schedule M-2, Line 5 - NC AAA Other Reductions**

Description	Amount
NET 1231 LOSS	\$ 22,001
CHARITABLE CONTRIBUTIONS	50
TOTAL	\$ <u>22,051</u>

Form **4797**Department of the Treasury  
Internal Revenue Service (99)**Sales of Business Property**(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))**2010**Attachment  
Sequence No. **27**

► Attach to your tax return.

► See separate instructions.

Name(s) shown on return

Identifying number

**SUBSAND, INCORPORATED****3958**

- 1** Enter the gross proceeds from sales or exchanges reported to you for 2010 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) .....

**1****Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)**

<b>2</b> (a) Description of property	<b>(b)</b> Date acquired (mo., day, yr.)	<b>(c)</b> Date sold (mo., day, yr.)	<b>(d)</b> Gross sales price	<b>(e)</b> Depreciation allowed or allowable since acquisition	<b>(f)</b> Cost or other basis, plus improvements and expense of sale	<b>(g)</b> Gain or (loss) Subtract (f) from the sum of (d) and (e)
SALE OF GRANDY VARIOUS	12/01/10		106,586	65,913	194,500	-22,001

**3** Gain, if any, from Form 4684, line 42 .....**3****4** Section 1231 gain from installment sales from Form 6252, line 26 or 37 .....**4****5** Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .....**5****6** Gain, if any, from line 32, from other than casualty or theft .....**6****7** Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: .....**7****Partnerships (except electing large partnerships) and S corporations.** Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.**8** Nonrecaptured net section 1231 losses from prior years (see instructions) .....**8****9** Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) .....**9****Part II Ordinary Gains and Losses (see instructions)**

- 10**
- Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


**11** Loss, if any, from line 7 .....**11****12** Gain, if any, from line 7 or amount from line 8, if applicable .....**12****13** Gain, if any, from line 31 .....**13****14** Net gain or (loss) from Form 4684, lines 34 and 41a .....**14****15** Ordinary gain from installment sales from Form 6252, line 25 or 36 .....**15****16** Ordinary gain or (loss) from like-kind exchanges from Form 8824 .....**16****17** Combine lines 10 through 16 .....**17****18** For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

**a** If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions .....

**18a**

**b** Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

**18b**

For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2010)

THERE ARE NO AMOUNTS FOR PAGE 2

NC K-1 (42)  
(CD-401S)

11-21-10

**Shareholder's Share of  
N.C. Income, Adjustments, and Credits**  
North Carolina Department of Revenue

For calendar year 2010 or other year starting 10 and ending

<b>Part. 1 Information about the Corporation</b>		<b>Part. 2 Information about the Shareholder</b>	
A. Corporation's Employer Identification Number  [REDACTED] 3958	B. Corporation's Name, Address, and Zip Code  SUBSAND, INCORPORATED 105 CURRITUCK COMMERCIAL DR. STE.  MOYOCK NC 27958	A. Shareholder's Identifying Number  [REDACTED]	B. Shareholder's Name, Address, and Zip Code  BARRY EATON 817 CATRINA LANE  CHESAPEAKE VA 23322
C. Has Nonresident Shareholder Agreement Form NC-NA been filed?  X		C. Shareholder's percentage of stock ownership for tax year  050%	

**Part. 3 Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items**

All Shareholders		
<b>1. Share of corporation income (loss)</b> Line 1 should already be included in federal taxable income		-55625
<b>2. Additions to income (loss)</b>		
a. <b>Addition for bonus depreciation</b> Enter here and on Form D-400, Page 3, Line 40		0
b. <b>Other additions to income (loss)</b> Enter here and on Form D-400, Page 3, Line 42		0
<b>3. Deductions from income (loss)</b> Enter here and on Form D-400, Page 3, Line 52		-19
<b>4. Share of tax credits</b> Enter here and on Form D-400TC, see Form D-400 Instructions		0
<b>5. Share of tax withheld from nonwage compensation paid for personal services performed in N.C.</b> Enter here and on Form D-400, Page 2, Line 21		0
Nonresidents Only		
<b>6. Nonresident's share of N.C. taxable income (loss)</b> Enter here and on Form D-400, Page 4, Line 54		-55606
<b>7. Nonresident's share of separately stated items of income</b> Line 7 should already be included in federal taxable income		0
<b>8. Nonresident's share of net tax paid, including surtax, by the S Corporation</b> Enter here and on Form D-400, Page 2, Line 22d		0

**NC Shareholder's Share of Deductions Worksheet****Form NC K-1****2010**

For calendar year 2010, or other tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

Name

SUBSAND, INCORPORATED  
BARRY EATON

NC Secretary of State ID Number

915116

Federal Employer ID Number

**Contributions:**

Total contributions to NC .....	_____
Contributions to NC donees .....	25
Contributions to donees outside NC .....	_____
Federal Section 179 deduction .....	_____
State adjustment for Section 179 deduction .....	_____

**Bonus Depreciation**

	Prior Year Add Back Amount	Net State Adjustment
Bonus depreciation adjustments:		
2010 .....	-95	19
2009 .....		
2008 .....		

**NC K-1 (42)  
(CD-401S)**

11-21-10

**Shareholder's Share of  
N.C. Income, Adjustments, and Credits**  
North Carolina Department of Revenue

For calendar year 2010 or other year starting 10 and ending

<b>Part. 1 Information about the Corporation</b>		<b>Part. 2 Information about the Shareholder</b>	
A. Corporation's Employer Identification Number  [REDACTED] 3958	B. Corporation's Name, Address, and Zip Code  SUBSAND, INCORPORATED 105 CURRITUCK COMMERCIAL DR. STE.  MOYOCK NC 27958	A. Shareholder's Identifying Number  [REDACTED]	B. Shareholder's Name, Address, and Zip Code  SUSAN R. EATON 817 CATRINA LANE  CHESAPEAKE VA 23322
C. Has Nonresident Shareholder Agreement Form NC-NA been filed?  <input checked="" type="checkbox"/>		C. Shareholder's percentage of stock ownership for tax year  050%	

**Part. 3 Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items**

All Shareholders		
<b>1. Share of corporation income (loss)</b> Line 1 should already be included in federal taxable income		-55624
<b>2. Additions to income (loss)</b>		
a. Addition for bonus depreciation Enter here and on Form D-400, Page 3, Line 40		0
b. Other additions to income (loss) Enter here and on Form D-400, Page 3, Line 42		0
<b>3. Deductions from income (loss)</b> Enter here and on Form D-400, Page 3, Line 52		-19
<b>4. Share of tax credits</b> Enter here and on Form D-400TC, see Form D-400 Instructions		0
<b>5. Share of tax withheld from nonwage compensation paid for personal services performed in N.C.</b> Enter here and on Form D-400, Page 2, Line 21		0

Nonresidents Only		
<b>6. Nonresident's share of N.C. taxable income (loss)</b> Enter here and on Form D-400, Page 4, Line 54		-55605
<b>7. Nonresident's share of separately stated items of income</b> Line 7 should already be included in federal taxable income		0
<b>8. Nonresident's share of net tax paid, including surtax, by the S Corporation</b> Enter here and on Form D-400, Page 2, Line 22d		0

**NC Shareholder's Share of Deductions Worksheet****Form NC K-1****2010**

For calendar year 2010, or other tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

## Name

SUBSAND, INCORPORATED  
SUSAN R. EATON

NC Secretary of State ID Number

915116

Federal Employer ID Number

## Contributions:

Total contributions to NC .....	25
Contributions to NC donees .....	
Contributions to donees outside NC .....	
Federal Section 179 deduction .....	
State adjustment for Section 179 deduction .....	

**Bonus Depreciation**

	Prior Year Add Back Amount	Net State Adjustment
Bonus depreciation adjustments:		
2010 .....	-94	19
2009 .....		
2008 .....		

	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	July 2011
<u>Income</u>							
Food Sales (per month)	\$41,455.95	\$39,103.56	\$42,826.70				
<u>Expenses</u>							
Cost of Goods Sold	\$12,398	\$11,366.44	\$10,249.76				
Advertising and Promotion	\$2,446.54	\$2,388.84	\$2,487.29				
Bank Service Charges	\$240.00	\$160.00	\$520.00				
Insurance Expense	0	0	\$833.22				
Miscellaneous Expense	\$5,268.56	\$5,941.00	\$4,847.61				
Payroll	\$7,951.14	\$6,547.39	\$6,782.99				
Rent	\$3,290.66	\$3,290.66	\$2,932.44				
Taxes- Property	\$624.83	\$5,378.75	\$3,934.90				
Utilities	\$974.65	\$911.38	\$530.19				
Other	0	(\$420.60)	\$5,860.09				
Professional Fees	\$4,778.09	\$4,471.83	\$4,421.86				
Total Expenses	\$37,972	\$40,035.69	\$43,400.35				
Monthly Net	\$3,483.48	(\$932.13)	(\$573.65)				

Barry Eaton, President and CEO

/s/ Susan Eaton

Sue Eaton, Officer

**IN THE UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA  
Norfolk Division**

In re:

SUBSAND INC.

Case No. 11-  
Chapter 11

Debtor.

**RESOLUTION OF OFFICERS AND DIRECTORS**

The undersigned, being the Officers and Directors of Subsand Inc. ("this/the Company"), executes this written consent to the following action to be taken by the Company:

Whereas, it is in the best interest of this Company to file a voluntary petition in the United States Bankruptcy Court pursuant to Chapter 11 of Title 11 of the United States Code;

Be It Therefore Resolved, that Barry Eaton, Chief Executive Officer and Director of the Company, is authorized and directed to execute and deliver all documents necessary to perfect and proceed with the filing of a Chapter 11 voluntary bankruptcy case on behalf of the Company; and

Be It Further Resolved, that Barry Eaton, Chief Executive Officer and Director of the Company, is authorized and directed to appear in all bankruptcy proceedings on behalf of the Company and any subsidiaries, and to otherwise do and perform all acts and deeds and to execute and deliver all necessary documents on behalf of the Company and any subsidiaries in connection with such bankruptcy case, and

Be It Further Resolved, that Barry Eaton, Chief Executive Officer and Director of the Company, is authorized and directed to employ the law firm of Crowley, Liberatore & Ryan, P.C. to represent the Company in such bankruptcy case.

Be It Further Resolved, that Sue Eaton, Officer of the Company, effective as of May 1, 2011, is removed as officer or director, making Barry Eaton the sole Officer and Director of the Company

Date: May 25, 2011

/s/ Barry Eaton